

## Message Text

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53

ORIGIN EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 SP-02 L-01

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DRAFTED BY EA/PHL:RTWILLNER:PAW

APPROVED BY EA:LEEDMOND

EA/PHL:BAFLECK

COMMERCE:OTP/DMD:JJOHNSTON

EB/OIA:ECONSTABLE

EA/EP:AGEBER

----- 045983

R 041452Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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LIMDIS

E.O. 11652: N/A

TAGS: BEXP, RP

SUBJECT:IMPORT DUTY - ACETATE YARN

REF: 75 MANILA A-308

1. PRESIDENT HILTON OF FILTRONA INTERNATIONAL CORPORATION HAS EXPRESSED CONCERN TO DEPARTMENT OVER CONTINUED IN-ACTION ON THE DISCRIMINATORY ACETATE YARN TARIFF DISCUSSED REFERENCE AND PREVIOUS. ACCORDING TO HILTON, FILTRONA PHILIPPINES HAS HAD TO LAY OFF AND PAY SEPARATION BONUSES TO 60 EMPLOYEES, WHILE SKELETON FORCE PROCESSES REMAINING MATERIALS ON HAND. COMPANY HAS 40,000 KG YARN, ORDERED BEFORE NEW TARIFF ANNOUNCED, IN BONDED WAREHOUSE, BUT IF TARIFF NOT REVISED HILTON SAYS THEY WILL SIMPLY TRY TO COLLECT THEIR REMAINING RECEIVABLES AND LIQUIDATE

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INVESTMENT.

2. HILTON ALSO REPORTS THAT DISINI, OWNER OF TARIFF'S BENEFICIARY, PHILIPPINE FILTER CO., HAS NOW SUCCEEDED IN BUYING OUT MERCATOR FILTER. HE HAD PREVIOUSLY OFFERED TO BUY UP FILTRONA AS WELL.

3. FILTRONA HAS BEEN HESITANT TO MAKE PUBLIC ITS OBJECTIONS TO TARIFF, HOPING THAT QUIET APPROACH WOULD BE EFFECTIVE, AND WISHING TO AVOID RETALIATION AGAINST GETZ BROTHERS, WHICH MANAGES FILTRONA IN PHILIPPINES AND HAS SUBSTANTIAL VULNERABLE ASSETS THERE. HOWEVER, HILTON NOTED, IT HAS BEEN REPORTED FOR PAST SEVERAL MONTHS THAT REVISED DECREE IS ON MARCOS' DESK AND HE BEGINS TO WONDER IF IT WILL EVER BE ISSUED.

4. DEPARTMENT SHARES HILTON'S CONCERN. HAVE NOTED REPORTS THAT GOP MAY HOPE TO USE THIS ISSUE IN ECONOMIC NEGOTIATIONS AND THEREFORE MAY BE WITHHOLDING ACTION, BUT BELIEVE IT WOULD BE A MISTAKE FOR US TO ACQUIESCE IN THIS APPROACH. TARIFF IN QUESTION APPEARS DESIGNED SOLELY TO GIVE MONOPOLY STATUS TO A FAVORED COMPANY. IF IT REMAINS IN EFFECT, IT WILL FORCE SALE UNDER DISTRESS CONDITIONS OF COMPANY WITH SIGNIFICANT U.S. EQUITY (50 PER CENT U.S. 50 PER CENT BRITISH). MORE IMPORTANT, IT WOULD ESTABLISH PRECEDENT TOTALLY AT ODDS WITH CONCEPT OF EQUITABLE TREATMENT THAT IS ESSENTIAL BOTH TO SATISFACTORY INVESTMENT CLIMATE AND TO SUCCESSFUL ECONOMIC NEGOTIATIONS. IF IT REMAINS IN EFFECT, WE WOULD HAVE TO QUESTION VALUE OF INVESTMENT GUARANTEES GOP MIGHT PROVIDE.

5. REQUEST EMBASSY RENEW APPROACH TO GOP AS APPROPRIATE AND ADVISE.

INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 FEB 1976  
**Decaption Date:** 28 MAY 2004  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**TAGS:** BEXP, RP  
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